



**ECSEL Joint Undertaking**

Electronic Components and Systems for European Leadership

**Report on Budgetary and**  
**Financial Management**  
**Financial year 2020**

Brussels, March 2021

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# 1 INTRODUCTION

## 1.1 LEGAL FRAMEWORK

The Electronic Components and Systems for European Leadership Joint Undertaking (ECSEL JU) is the European public-private partnership (PPP) based in Brussels that funds Research, Development and Innovation projects for world-class expertise in these key enabling technologies, essential for Europe's competitive leadership in the era of the digital economy. Through the ECSEL JU, the European industry, Small and Medium-Sized Enterprises (SMEs) and Research and Technology Organisations are supported and co-financed by 29 ECSEL Participating States and the European Union.

ECSEL JU was created by Council Regulation (EU) N° 561/2014 of 06/05/2014 under Article 187 of The Treaty of Lisbon as a legal entity responsible for the implementation of a Joint Technology Initiative on Electronic Components and Systems for European Leadership<sup>1</sup>.

The ECSEL Joint Undertaking replaced and succeeded the ENIAC and ARTEMIS Joint Undertakings, established by Regulations (EC) No 72/2008 and (EC) No 74/2008. The rules governing ARTEMIS and ENIAC projects remain in force until the financial closure of their contracts. ECSEL JU embodies the joining of forces of (1) the EU represented by the European Commission, (2) three associations (EPoSS, AENEAS and ARTEMIS Industry Association) representing actors from the areas of micro- and nano-electronics, smart integrated systems and embedded/cyber-physical systems, (3) Member States and Associated Countries to the Framework Programme Horizon 2020 on a voluntary basis.

The main objectives of ECSEL JU are, amongst others, to contribute to the development of a strong and globally competitive electronics components and systems industry in the European Union and to ensure the availability of electronic components and systems for key markets and for addressing societal challenges, keeping Europe at the forefront of technology development, bridging the gap between research and exploitation, strengthening innovation capabilities and creating economic and employment growth in the European Union.

## 1.2 FINANCIAL FRAMEWORK

In accordance with Council Regulation (EC) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking and under Article 187 of the Treaty on the Functioning of the European Union, the ECSEL Joint Undertaking is jointly funded by its members through financial contributions paid in instalments and in kind contributions consisting of the costs incurred by the private members or their constituent entities and affiliated entities in implementing indirect actions that are not reimbursed by the ECSEL Joint Undertaking.

The present report has been drafted in accordance with Article 22 of the Statutes of the ECSEL Joint Undertaking annexed to Council Regulation (EU) No 561/2014 and with Article 53 of the Financial Rules<sup>2</sup> of ECSEL Joint Undertaking and will be made available to the European Parliament, the Council and the Court of Auditors.

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<sup>1</sup> The date of establishment is 27/06/2014, following the publication of the Council Regulation and of the Statutes annexed to it in the Official Journal of the European Union OJ L 169/153 of 07.06.2014.

<sup>2</sup> Adopted by ECSEL JU Governing Board decision ECSEL-GB-2020.138 on 26.02.2020 and applicable as of 01.01.2020.

### 1.3 BUDGETARY PRINCIPLES

The ECSEL Budget is the instrument which, for each financial year, forecasts and implements the revenue and expenditure considered necessary for the Joint Undertaking.

The budget is established and implemented in compliance with the principles of **unity** and **budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management** and **transparency**:

- ✓ **Unity and budget accuracy:** No revenue shall be collected and no expenditure effected unless booked to a line in the budget of ECSEL JU. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget. An appropriation may be entered in the budget only if it is for an item of expenditure which is considered necessary.
- ✓ **Annuity:** Appropriations entered in the budget shall be authorised for a financial year which shall run from 1 January to 31 December. As specified in the Financial Rules, ECSEL JU is subject to an exception to the annuity principle, specific only to the Joint Undertakings (the “N+3” rule), whereby any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years. These appropriations must be used first.
- ✓ **Equilibrium:** Revenue and expenditure shown in the budget must be in balance.
- ✓ **Unit of account:** The budget is drawn up and implemented in euro (EUR) and the accounts are presented in euro.
- ✓ **Universality:** Total revenue shall cover total payment appropriations and all revenue and expenditure shall be entered in full without any adjustment against each other.
- ✓ **Specification:** Appropriations are earmarked for specific purposes at least by title and chapter.
- ✓ **Sound financial management:** Appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.
- ✓ **Transparency:** The budget is established and implemented and the accounts presented in compliance with the principle of transparency. The budget and any amending budgets are published on the website of the ECSEL Joint Undertaking within four weeks of adoption and are transmitted to the Commission and the Court of Auditors.

## 2 BUDGET 2020 OVERVIEW

2020 was a year of continued commitment by the JU’s members and stakeholders to achieve the objectives of ECSEL Programme, and a year of further development of the JU’s activities as set out in its Annual Work Plan for 2020.

According to ECSEL JU Annual Work Plan for 2020, the key objectives were:

- Launching of calls 2020 and selection of projects;
- Grant Agreement signature cycle with the start of the projects selected from the Call 2019;
- Monitoring of the ECSEL projects selected in the calls 2014, 2015, 2016, 2017 and 2018 and the management of the completion of projects launched under ENIAC and ARTEMIS;
- Further implementation of ECSEL’s communication strategy involving key features such as events, dissemination actions and public communications;

- Sound administrative and operational budget execution;
- Smooth functioning of ECSEL JU office.

The outbreak of **COVID-19 crisis** and the restrictions imposed as of mid-March 2020 had as a result the cancellation of substantially all meetings and events with physical presence. As a result, since mid-March 2020, essentially, missions were suspended and events turned into digital. This is roughly the extent to which the impact of the crisis on the substance of JU administrative activities was successfully contained, thereby preserving business continuity throughout the year on all objectives.

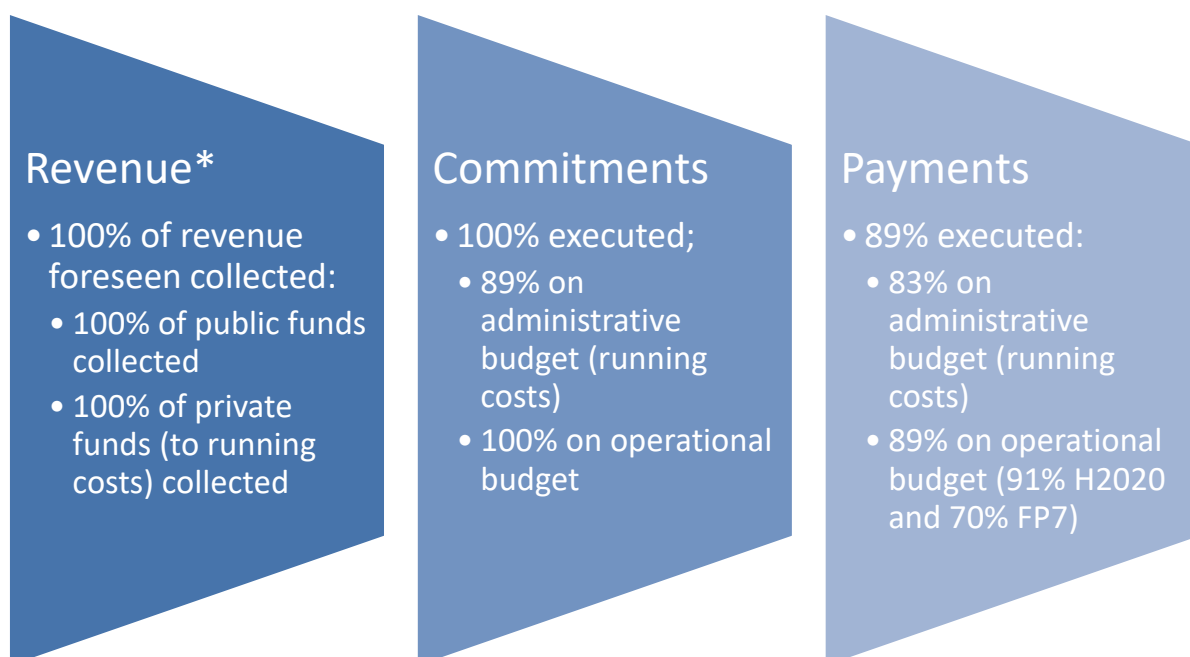
In financial year 2020, total available appropriations (including recoveries / assigned revenue) reached EUR 218,341,704.65 for commitments and EUR 215,848,700.99 for payments and budget implementation reached roughly 100% in terms of commitment appropriations and 89% in terms of payment.

Note: Date of data extraction

The budget implementation data presented below in tables 1-11 is the data serving as a basis for the ECSEL JU provisional accounts for the financial year 2020 issued at the end of February 2021 (not yet audited by the European Court of Auditors) and may be revised in the final accounts for the year 2020.

The data presented in the rest of tables were extracted from ABAC Datawarehouse during March 2021.

It should be noted that due to the rounding of figures into thousands of euro (kEUR), some financial data in the tables below may appear not to add-up.



*\*Reactivated unused appropriations from previous budgetary years and recoveries are not included.*

## 2.1 BUDGET STRUCTURE

The budget of the ECSEL JU is divided into 3 titles:

**TITLE 1** Staff salaries and allowances

**TITLE 2** Running Costs

**TITLE 3** Selected projects after annual calls

As of financial year 2019, appropriations under all three budget titles are differentiated; commitments are paid over several years in accordance with contractual obligations. Each title comprises the following chapters:

### **TITLE 1 - STAFF EXPENDITURE**

#### **1100 – Salaries and allowances**

This appropriation covers the cost of remuneration of temporary and contract staff in accordance with the Staff Regulations. This chapter also covers the costs of the employer's social security contributions in accordance with the applicable Staff Regulations. It covers as well the cost of non-statutory staff like interim and trainees who are contracted for a short period. As of 2018, under this chapter is covered the new contribution agreement signed with DG HR concerning the financing by ECSEL JU of the schooling fees of its staff's children attending European Schools.

#### **1200 – Recruitment & transfer**

This chapter covers the recruitment costs for new staff as well as expenditure foreseen in the relevant provisions of the Staff Regulations.

#### **1300 – Mission expenses**

The missions' appropriation covers expenditure on transport, payment of daily mission allowances and ancillary or exceptional expenses incurred by staff in interest of the service, in accordance with the Staff Regulations.

#### **1400 – Socio-medical infrastructure & training**

This appropriation relates to costs of the annual medical check-up of staff members and the complementary health insurance. Under this chapter are also covered the costs for the staff training and the HR tools under the SLA with DG HR.

### **TITLE 2 – Running Costs**

#### **2000 – Buildings and associated costs**

The JU is operating since 2011 in its premises located in the White Atrium building, 60 avenue de la Toison d'Or in Brussels. This office location is shared with five other JUs in order to minimise maintenance costs and share a number of expenses, such as security and safety of staff and installations, cleaning and maintenance. Common space shared by JUs in that location has been augmented from the end of year 2014 to offer more possibilities for meetings.

#### **2100 – Information and communication technology**

This chapter covers the cost for IT infrastructure, service management contract and equipment of ECSEL JU, as well the SLAs costs related to services provided by the Commission, such as ABAC and ARES costs, DIGIT procurement fees.

#### **2200 – Movable property and associated costs**

This chapter relates to purchase of furniture, office equipment and archiving facilities.

### **2300 – Current administrative expenditure**

Under this appropriation are covered the costs related to office supplies and translations and, as of 2019, the costs for accounting services under the SLA signed in 2018 with DG BUDG are included as well.

### **2400 – Postage / Telecommunications**

This chapter relates to the costs for internet connections and telecommunications services (including for replacement and upgrade).

### **2500 – Meetings and representation**

The chapter covers the costs of meetings that are taking place inside or outside of the JU premises. Under this chapter are also covered the costs of the Governing Board and the Public Authorities Board meetings.

### **2600 – Evaluations**

Under this appropriation are covered all the costs related to the selection and evaluation of projects, as well as the costs for the remuneration of evaluation experts for the calls launched under H2020 programme.

### **2602 – Reviews**

This chapter covers the costs of reviews for the projects selected under H2020 programme.

### **2700 – Innovation**

As of 2018, activities related to innovation are included in chapter 28 - Communication.

### **2800 – Communication**

This chapter covers communication activities which are organised under five headings:

- ECSEL Symposium, conferences, info days and workshops, events
- Internal communication
- Publication and acquisition of information (DB)
- Website developments and consolidation
- General public relations (PR) and publicity

### **2900 – Audits**

This appropriation covers external and internal audits needs, legal assistance and related costs for actions initiated under FP7 as well as under H2020.

## **Title 3 – Selected projects after annual calls**

### **3100 – FP7 Projects**

This chapter covers exclusively the costs related to payments of FP7 projects.

### **3200 – H2020 Projects**

This chapter covers exclusively the costs related to H2020 projects and studies by public procurement related to operational activities.

## 2.2 INITIAL, AMENDING AND FINAL BUDGET

ECSEL JU Governing Board approved the initial annual budget for year 2020 on 14 December 2019 by ECSEL GB Decision 2019.133.

On 7 April 2020, ECSEL JU's Governing Board adopted GB Decision 2020.139 **amending for the first time** the initially adopted budget to increase the appropriations for commitments and payments under Titles 1, 2 and 3 by reactivating unused appropriations deriving from previous budget exercises as foreseen in article 6.5 of ECSEL Financial Rules. Regarding the administrative budget, an unused amount of EUR 250,000.00 in both commitment and payment appropriations was reactivated in order to cover for needs that became necessary during the course of the year (mainly for salaries, IT equipment, experts costs and communication activities). Also, EUR 392,339.02 unused payment appropriations deriving from ECSEL JU's budget for year 2019 corresponding to payments due under commitments entered in 2019 were reactivated. Regarding the operational (H2020) budget, an amount of EUR 173,707.84 of unused commitment appropriations from 2019 budget exercise was reactivated to be used in call 2020. Moreover, the first amendment served for the adjustment of needs in payment appropriations regarding the execution of payments related to FP7 projects under Title 3, reducing the total amount of payment appropriations. This adjustment was deemed necessary as the amount approved through the initial budget 2020 had been calculated based on an estimation of total FP7 payments and project closures for 2019. However, taking into account all FP7 payments and projects financial closures executed up to 31 December 2019, ECSEL refined its estimations, expecting to pay until the closure of FP7 a total maximum amount of EUR 20,000,000.00.

A **second budget amendment** was adopted by ECSEL JU's Governing Board (GB Decision 2020.146) on 29 September 2020. The second amending budget introduced the reactivation of unused operational (H2020) commitment and payment appropriations from the previous budget exercises under Title 3 as foreseen in article 6.5 of ECSEL Financial Rules. On commitment appropriations side, the total amount reactivated was EUR 6,106,699.28 and stemmed for the major part from unused amounts from Call 2019 after the conclusion of the grant agreements of the selected projects under Calls 2019 and for the minor part from recovered amounts and unused amounts following project amendments. On payment appropriations side, the second budget amendment introduced the reactivation of EUR 57,258,500.00 unused credits from previous budget exercises, lowering in parallel the appropriations from EU Budget 2020 by the same amount. This "reversal" aimed at consuming in priority the accumulated unused payment appropriations.

On 5 December 2020, ECSEL JU's Governing Board adopted a **third budget amendment** (GB Decision 2020.152) introducing the reactivation of EUR 2,168,033.44 unused operational (H2020) commitment appropriations from the previous budget exercises under Title 3 to be used in Calls 2020 as foreseen in article 6.5 of ECSEL Financial Rules. These appropriations became available following the finalisation of two Call 2016 projects and the amendment of one Call 2018 project lowering its grant amount.

Following the third budget amendment, the final adopted budget for year 2020 provided for EUR 217,743,851.56 for commitment and EUR 215,250,839.02 for payment appropriations. On top of these, assigned revenue of EUR 597,853.09 under both commitment and payment appropriations has been entered in the budget, leading to a total of EUR 218,341,704.65 available commitment and EUR 215,848,692.11 payment appropriations.



In addition to the budget amendments, the Executive Director in accordance with Article 10 of the ECSEL Financial Rules transferred appropriations between chapters within the same title in the course of the year. These **transfers** had as objective to allocate better the resources needed for the running costs. Overall, budget transfers had no impact on the approved budget.

EUR '000									
Commitment appropriations	Budget appropriations				Additional appropriations				Total approp. available
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Reactivated appropriations	Assigned revenue	Total		
<b>Total Title 1</b>	3 520	0	0	3 520	70	17	87	3 607	
<b>Total Title 2</b>	1 630	0	0	1 630	180	1	181	1 811	
<b>Total Title 3</b>	203 895	0	0	203 895	8 448	580	9 028	212 923	
<b>GRAND TOTAL</b>	<b>209 045</b>	<b>0</b>	<b>0</b>	<b>209 045</b>	<b>8 698</b>	<b>598</b>	<b>9 296</b>	<b>218 342</b>	

EUR '000									
Payment appropriations	Budget appropriations				Additional appropriations				Total approp. available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total		
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7	
<b>Total Title 1</b>	3 520	0	0	3 520	102	17	120	3 640	
<b>Total Title 2</b>	1 630	0	0	1 630	540	1	541	2 171	
<b>Total Title 3</b>	189 459	( 57 259)	0	132 200	77 259	580	77 838	210 038	
<b>GRAND TOTAL</b>	<b>194 609</b>	<b>( 57 259)</b>	<b>0</b>	<b>137 350</b>	<b>77 901</b>	<b>598</b>	<b>78 499</b>	<b>215 849</b>	

Table 1. Budget amendments and transfers

### 2.3 BUDGET REVENUE

According to the financial rules of ECSEL JU, revenues are funds made available to the Joint Undertaking by different sources to cover administrative and operational expenditure for a year and form part of the annual budget.

In accordance with the provisions of the legal framework applicable to the ECSEL JU, there are two main contributors to the budget of the JU:

- The **EU budget** with a decision of the European Parliament and the Council upon proposal of the Commission. This contribution is intended to fund projects (operational costs) and a part of the running costs.
- The **Industry** represented by the Private Members (for the time being AENEAS, ARTEMIS-IA and EPOSS) contributing to a part of the running costs in accordance with the JU statutes.

The table below outlines the breakdown of the revenue received in 2020.

Item	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	
200 Subsidy from the European Commission	191 750	134 491	191 430	0	191 430	191 430	0	191 430	142 %	0
201 Revenue from industry	2 859	2 859	3 409	0	3 409	3 409	0	3 409	119 %	0
202 Other financial contribution and revenue generated by ECSEL	0	0	674	156	829	362	149	511	-	318
203 H2020 revenues	0	0	112	0	112	112	0	112	-	0
205 Unused administrative appropriations from previous years		642	0	0	0	0	0	0	-	0
206 Unused operational H2020 appropriations from previous years		57 259	0	0	0	0	0	0	-	0
207 Unused operational FP7 appropriations from previous years	28 500	20 000	0	0	0	0	0	0	-	0
<b>Total Chapter 20</b>	<b>223 109</b>	<b>215 251</b>	<b>195 625</b>	<b>156</b>	<b>195 780</b>	<b>195 313</b>	<b>149</b>	<b>195 462</b>	<b>91 %</b>	<b>318</b>
<b>Total Title 2</b>	<b>223 109</b>	<b>215 251</b>	<b>195 625</b>	<b>156</b>	<b>195 780</b>	<b>195 313</b>	<b>149</b>	<b>195 462</b>	<b>142 %</b>	<b>318</b>
<b>GRAND TOTAL</b>	<b>223 109</b>	<b>215 251</b>	<b>195 625</b>	<b>156</b>	<b>195 780</b>	<b>195 313</b>	<b>149</b>	<b>195 462</b>	<b>142 %</b>	<b>318</b>

Table 2. ECSEL Revenues 2020

*Note:* The table has been adapted in relation to the one appearing in the provisional accounts 2020 in order to reflect the reactivation of unused appropriations and thus the changes between initial and final budget.

In December 2018, ECSEL JU received from its members a prepayment of 1,000,000.00 € (320,000.00 € from EU and 680,000.00 € from private members / Industry Associations) cashed by ECSEL JU on December 2018 which has not however been entered in ECSEL JU budget for year 2018 neither as revenue, nor as expenditure, not increasing thus the administrative budget for year 2018. This prepayment of 1,000,000.00 € has been included in the 2018 Annual Accounts as deferred income (p.20 of the Annual Accounts of ECSEL JU for the financial year 2018). As far as the private members cash frontloading of 680,000.00 € is concerned, this amount was regularised in financial year 2019. As far as the EU cash frontloading of 320,000.00 € is concerned, this amount was a cash frontloading from the EU Budget 2020 and was regularised in financial year 2020. As a consequence, in 2020, ECSEL JU recovered from EU Budget for its administrative budget only the amount of EUR 1,971,393.00.

In 2020, the private members contribution of EUR 2,858,608.00 was allocated among the 3 Associations as follows: AENEAS EUR 1,427,439.00, ARTEMIS-IA: EUR 960,633.00, EPoSS EUR 470,536.00. On top of that, ECSEL JU recovered the second instalment of an uncollected cash contribution from AENEAS which amounted to EUR 550,023.26. As a consequence, in financial year 2020, ECSEL JU recovered in cash from the 3 Industry Associations the total amount of EUR 3,408,631.26 (EUR 2,858,608.00 annual contribution + EUR 550,023.26 second instalment of uncollected cash contribution).

Regarding the operational appropriations, in accordance with Article 6.5 of the Financial Rules of the 'ECSEL Joint Undertaking' (ECSEL GB 2020.138), given the needs, unused appropriations may be reactivated within the next three financial years and these appropriations must be used first. Considering the amount of unused payment appropriations stemming from previous years and given their priority, the second budget amendment (GB Decision 2020.146) of 29 September 2020 lowered the payment appropriations stemming from EU budget 2020 (C1 fund source) by EUR 57,258,500.00 and reverted them into payment appropriations (C2 fund source) deriving from the JU's previous budget exercises<sup>3</sup>). However, in 2020 ECSEL JU has received from the EU Budget in cash a total amount of EUR 189,458,500.00 of which after the said amendment only the amount of EUR 132,200,000.00 has been entered in the JU budget as payment appropriations. The remaining EUR 57,258,500.00 remained as cash with the JU for use in the JU budget of year 2021.

### **Unused appropriations**

Article 6.5 of the Financial Rules of the 'ECSEL Joint Undertaking' (ECSEL GB 2020.138) defines that *"Given the needs of the ECSEL JU, the unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years. These appropriations must be used first."*. This article is applied in both administrative (as of 2018) and operational appropriations.

As far as **unused administrative appropriations** are concerned, these become available mainly:

- ✓ For commitments: from appropriations that were not consumed through the conclusion of administrative contracts (via public procurement) and contracts that were partially executed and the corresponding commitments were cancelled.
- ✓ For payments: from appropriations that correspond to non-contracted and partially executed/cancelled commitments, as well as appropriations that were not consumed during

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<sup>3</sup> EUR 12,452,571.13 from 2017, EUR 37,789,761.10 from 2018 and EUR 7,016,167.77 from 2019. 2019 payment appropriations stemmed initially from budget of financial year 2017 (EUR 7,016,167.77) that were reactivated in 2019 under Decision ECSEL GB 2019.130 and were not consumed at the time.

the year for the payment of existing contracts and need to be reactivated in the coming years to honour those contracts.

Regarding the administrative appropriations, the administrative cash and not the available budget appropriations - as the latter represent only the authorisation to commit/pay - is the main driver in order to define the amounts to reactivate. A thorough cash-in/cash-out follow up is maintained in order to allow ECSEL JU to define the administrative appropriations to be proposed for reactivation. At the end of 2020 and according to ECSEL JU available cash balance, the part of the administrative budget that was not used because of the COVID 19 crisis was carried over to 2021 budget by ECSEL JU's Governing Board decision (EUR 550,000.00 in both commitment and payment appropriations).

As far as **unused operational appropriations** are concerned, these become available mainly:

- ✓ For commitments: after the creation of L2 commitments ahead of the grant agreements signature for the projects selected after the annual Calls, as well as following amendments of already selected and open projects.
- ✓ For payments: from appropriations that were not consumed during the year.

At the end of 2020, ECSEL JU had exhausted all its available unused operational commitment appropriations by reactivating them over the years. On payment appropriations side, at the end of year 2020 and after the completion of all payments, ECSEL JU had a total amount of EUR 39,087,909.38 as per table below. The amount of EUR 21,810,660.00 (EUR 19,929,318.06 from 2018, EUR 1,609,395.60 from 2019, EUR 9,580.93 from 2020/C1 and 262,365.41 from 2020/C4) was carried over to 2021 budget by ECSEL JU's Governing Board decision before year end. The remaining EUR 17,277,249.38 that were not consumed during 2020, shall be proposed to ECSEL Governing Board for reactivation during year 2021 through an amending budget.

Year/Fund source	C1	C2	C4	Total unused PA at end 2020
<b>2018</b>	19,929,318.06			19,929,318.06
<b>2019</b>	1,542,787.73		66,607.87	1,609,395.60
<b>2020</b>	9,580.93	17,277,240.50	262,374.29	17,549,195.72
<b>Total</b>	<b>21,481,686.72</b>	<b>17,277,240.50</b>	<b>328,982.16</b>	<b>39,087,909.38</b>

Table 3. Unused operational payment appropriations at the end of 2020

*Note: (EUR 17,277,240.50 of 2020/C2 stem initially from budget of financial year 2018 (C1 fund source) and were reactivated in 2020 under Decision ECSEL GB 2020.146 but not consumed in full.*

## 2.4 BUDGET EXPENDITURE

### Administrative expenditure (Title 1 – Staff and Title 2 – Running Costs)

The total administrative budget for year 2020 reached for commitment appropriations a total of EUR 5,418,320.65 (EUR 5,150,000.00 from EU Budget 2020 and private members contributions, EUR 250,000.00 from reactivated appropriations and EUR 18,320.65 from assigned revenue). For payment appropriations, the total amount reached EUR 5,810,659.67 (EUR 5,150,000.00 from EU Budget 2020 and private members contributions, EUR 642,339.02 from reactivated appropriations and EUR 18,320.65 from assigned revenue).

Under Title 1 the ECSEL budget execution reached 91% in terms of commitment appropriations and 89% in terms of payment appropriations. This title was mainly used for salaries of the JU staff, as well as staff trainings and medical costs.

Under Title 2 the execution reached 84% in terms of commitment appropriations and 73% in terms of payment appropriations. This title was mainly used for building costs, IT infrastructure, communication activities and experts costs for both evaluations and reviews of selected projects.

Due to the **COVID-19 situation** and the restrictions imposed, ECSEL JU operations have been affected having as a result an under-execution of allocated appropriations for the budget year 2020. The main budget lines affected by the sanitary context were the following:

- 1100 – Staff salaries and allowances: the recruitment for the filling of a vacant post was finalised in 2021 (in combination with another one) and fewer interim personnel were recruited.
- 1200 – Recruitment and transfer: no recruitment took place.
- 1300 – Missions expenses: substantially all missions were stopped since mid-March 2020.
- 2100 – IT and technical support costs: a number of planned IT developments (HAN document management suite, meeting rooms video-conference facilities upgrade, Office 365 implementation and related data protection assessment), some in common with the other JUs, were cancelled or postponed to 2021.
- 2500 – Meetings and representation costs: physical meetings and reviews were stopped since mid-March 2020.
- 2602 – Reviews experts' costs: no physical reviews took place since mid-March 2020, thus the experts remuneration did not include any travel and accommodation expense.
- 2800 – Communication activities: physical events were stopped since mid-March 2020 and most communication actions were limited to online events and some publications.

### **Operational expenditure (Title 3 – Selected projects after annual calls)**

Under Title 3, the ECSEL JU budget covers the operational expenditure related to the implementation of projects under the 7th Framework Programme (FP7 completion), as well as under the Horizon 2020 Programme (H2020).

Under H2020, the total available budget for commitment appropriations reached EUR 212,606,225.85 (EUR 203,895,411.00 from EU Budget 2020, EUR 8,448,440.56 from reactivations and EUR 262,374.29 from assigned revenue) and the budget implementation reached 100%. At the end of year 2020 following the completion of several H2020 projects, the amendment of their budgets and the signature of grant agreements, ECSEL JU has made de-commitments for a total amount of EUR 20,266,726.29. Out of this amount and based on article 6.5 of ECSEL Financial Rules on unused appropriations within the following three financial years, an amount of EUR 8,381,832.69 has been reactivated to be used for Calls 2020. The remaining EUR 11,884,893.60 could not be re-used as their year of origin was before 2017, overpassing the rule of 3 financial years. On payments side, the total available budget for payment appropriations reached EUR 189,720,874.29 (EUR 132,200,000.00 from EU Budget 2020, EUR 57,258,500.00 from reactivations and EUR 262,374.29 from assigned revenue) and budget implementation reached 91%. A major part of the payment appropriations was used for the pre-financing of the grants resulting from the 2019 calls for proposals, while the minor part was used for interim and final payments for grants resulting from previous ECSEL calls for proposals.

Under FP7, the total available payment appropriations reached EUR 20,317,158.15 (EUR 20,000,000.00 from reactivated appropriations and EUR 317,158.15 from assigned revenue). The total budget implementation in 2020 reached 70%, compared to 45% in 2019 and 41% in 2018, reflecting the important efforts made by ECSEL JU towards the completion of FP7 activities. At the end of 2020, according to the principle of sound financial management, ECSEL JU has proceeded to total de-commitments of EUR 44,083,935.45, closing all FP7 commitments for Calls 2008, 2009, 2010 and 2011. The considerable amount of these de-commitments is explained by the fact that during 2020 and after intensive follow-up, ECSEL JU has received an important number of end of projects certificates by the related National Authorities. Although this amount was substantially higher than in any year before, its budgetary and accounting treatment followed the same consistent practice.

### **Procurement and contracts**

Procurement and contracts are managed in accordance with the provisions of ECSEL Financial Rules and coordinated within the ECSEL Administration & Finance team.

In order to reach its objectives and adequately support its operations and infrastructures, ECSEL JU allocated funds to procure the necessary services and supplies. In the context of sound financial management and efficiency, ECSEL JU made to the most possible extent use of the various Service Level Agreements (SLAs) already concluded with relevant Commission Services, as well as its private members and also made use of inter-institutional framework contracts (e.g. IT services and equipment, interim staff services, external audit services, office supplies, travel agency services, staff trainings).

Due to the COVID-19 crisis and the restrictions imposed as of mid-March 2020, substantially all meetings and events with physical presence were either cancelled or turned into digital (e.g., ECSEL Symposium 2020), essentially limiting thus ECSEL procurement needs to preserving business continuity.

As a result, in 2020, ECSEL JU ran very few procurement procedures, mainly for low value contracts, as well as one re-opening of competition. The vast majority of low value contracts were concluded in order to cover for services and supplies for the daily function of the office adapted to the teleworking mode.

#### Major procurement procedures:

- A re-opening of competition under a framework contract of DG BUDG for the supply of technical, assistance services in the field of audits and controls of the annual accounts of ECSEL Joint Undertaking for the years ending at 31/12/2020 and 31/12/2021 was launched in June 2020. The evaluation took place later in the year and the contract was awarded to Ernst & Young in October 2020.

- In May 2020, a negotiated procedure for low value was launched for the award of a contract for the organisation of the digital version of "ECSEL JU Symposium 2020".

The tables below present the implementation of budget in commitment and payment appropriations as well as the commitments outstanding for all three budget lines. The tables show the implementation on the total available appropriations which include the initial and the reactivated appropriations approved by the ECSEL Governing Board throughout the year and on top of these, the amounts recovered (assigned revenue) by ECSEL JU up to 31 December 2020.

## 2.4.1 IMPLEMENTATION IN COMMITMENT APPROPRIATIONS

EUR '000

	Item	Total approp. available	Commitments made					Appropriations carried over to 2021			Appropriations lapsing			
			from final adopt. budget	from reactivations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from reactivations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1100	Salaries and allowances	3 417	3 140	70	0	3 209	94 %	0	0	0	190	0	17	208
Total Chapter 11		3 417	3 140	70	0	3 209	94 %	0	0	0	190	0	17	208
1200	Recruitment and transfer	10	0	0	0	0	0 %	0	0	0	10	0	0	10
Total Chapter 12		10	0	0	0	0	0 %	0	0	0	10	0	0	10
1300	Mission expenses	105	9	0	0	9	8 %	0	0	0	96	0	0	96
Total Chapter 13		105	9	0	0	9	8 %	0	0	0	96	0	0	96
1400	Socio-medical infrastructure and training	75	74	0	0	74	99 %	0	0	0	1	0	0	1
Total Chapter 14		75	74	0	0	74	99 %	0	0	0	1	0	0	1
<b>Total Title 1</b>		<b>3 607</b>	<b>3 223</b>	<b>70</b>	<b>0</b>	<b>3 293</b>	<b>91 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>297</b>	<b>0</b>	<b>17</b>	<b>315</b>

Table 4. Implementation in Commitment Appropriations: Title 1 – Staff expenditure

	Item	Total approp. available	Commitments made					Appropriations carried over to 2021			Appropriations lapsing			
			from final adopt. budget	from reactivations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from reactivations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
2000	Rental of buildings and associated costs	531	530	0	0	530	100 %	0	0	0	0	0	1	1
Total Chapter 20		531	530	0	0	530	100 %	0	0	0	0	0	1	1
2100	Information and communication technology	350	257	40	0	297	85 %	0	0	0	53	0	0	53
Total Chapter 21		350	257	40	0	297	85 %	0	0	0	53	0	0	53
2200	Movable property and associated costs	3	0	0	0	0	0 %	0	0	0	3	0	0	3
Total Chapter 22		3	0	0	0	0	0 %	0	0	0	3	0	0	3
2300	Current administrative expenditure	85	82	3	0	85	100 %	0	0	0	0	0	0	0
Total Chapter 23		85	82	3	0	85	100 %	0	0	0	0	0	0	0
2400	Postage / Telecommunications	15	14	0	0	14	93 %	0	0	0	1	0	0	1
Total Chapter 24		15	14	0	0	14	93 %	0	0	0	1	0	0	1
2500	Meetings and representation	30	14	0	0	14	46 %	0	0	0	16	0	0	16
Total Chapter 25		30	14	0	0	14	46 %	0	0	0	16	0	0	16
2600	Evaluations	277	250	27	0	276	100 %	0	0	0	0	0	0	0
2602	Reviews	270	150	20	0	170	63 %	0	0	0	100	0	0	100
Total Chapter 26		547	400	47	0	446	82 %	0	0	0	100	0	0	100
2800	Communication	156	15	62	0	76	49 %	0	0	0	79	0	0	79
Total Chapter 28		156	15	62	0	76	49 %	0	0	0	79	0	0	79
2900	Audits	95	22	29	0	51	54 %	0	0	0	44	0	0	44
Total Chapter 29		95	22	29	0	51	54 %	0	0	0	44	0	0	44
<b>Total Title 2</b>		<b>1 811</b>	<b>1 333</b>	<b>180</b>	<b>0</b>	<b>1 513</b>	<b>84 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>297</b>	<b>0</b>	<b>1</b>	<b>298</b>

Table 5. Implementation in Commitment Appropriations: Title 2 –Running costs

EUR '000

	Item	Total approp. available	Commitments made					Appropriations carried over to 2021			Appropriations lapsing			
			from final adopt. budget	from reactivations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from reactivations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
3100	FP7 Projects	317	0	0	28	28	9 %	0	0	0	0	0	289	289
Total Chapter 31		317	0	0	28	28	9 %	0	0	0	0	0	289	289
3200	H2020 Projects	212 606	203 895	8 448	262	212 606	100 %	0	0	0	0	0	0	0
Total Chapter 32		212 606	203 895	8 448	262	212 606	100 %	0	0	0	0	0	0	0
<b>Total Title 3</b>		<b>212 923</b>	<b>203 895</b>	<b>8 448</b>	<b>290</b>	<b>212 634</b>	<b>100 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>289</b>	<b>289</b>
<b>GRAND TOTAL</b>		<b>218 342</b>	<b>208 451</b>	<b>8 698</b>	<b>290</b>	<b>217 440</b>	<b>100 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>594</b>	<b>0</b>	<b>307</b>	<b>902</b>

Table 6. Implementation in Commitment Appropriations: Title 3 – Selected projects after annual calls and Grand Total

## 2.4.2 IMPLEMENTATION IN PAYMENT APPROPRIATIONS

EUR '000

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2021				Appropriations lapsing			
			from final adopt. budget	from reactivations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from reactivations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
1100	Salaries and allowances	3 430	3 097	82	0	3 179	93 %	0	0	0	0	233	0	17	251
Total Chapter 11		3 430	3 097	82	0	3 179	93 %	0	0	0	0	233	0	17	251
1200	Recruitment and transfer	10	0	0	0	0	2 %	0	0	0	0	10	0	0	10
Total Chapter 12		10	0	0	0	0	2 %	0	0	0	0	10	0	0	10
1300	Mission expenses	109	11	4	0	14	13 %	0	0	0	0	94	0	0	94
Total Chapter 13		109	11	4	0	14	13 %	0	0	0	0	94	0	0	94
1400	Socio-medical infrastructure and training	91	42	16	0	58	64 %	0	0	0	0	33	0	0	33
Total Chapter 14		91	42	16	0	58	64 %	0	0	0	0	33	0	0	33
<b>Total Title 1</b>		<b>3 640</b>	<b>3 149</b>	<b>102</b>	<b>0</b>	<b>3 251</b>	<b>89 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>371</b>	<b>0</b>	<b>17</b>	<b>388</b>

Table 7. Implementation in Payment Appropriations: Title 1 – Staff expenditure



	Item	Total approp. availab.	Payments made					Appropriations carried over to 2021				Appropriations lapsing			
			from final adopt. budget	from reactivations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from reactivations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
2000	Rental of buildings and associated costs	541	512	10	0	522	97 %	0	0	0	0	18	0	1	19
Total Chapter 20		541	512	10	0	522	97 %	0	0	0	0	18	0	1	19
2100	Information and communication technology	467	139	157	0	297	63 %	0	0	0	0	171	0	0	171
Total Chapter 21		467	139	157	0	297	63 %	0	0	0	0	171	0	0	171
2200	Movable property and associated costs	4	0	1	0	1	22 %	0	0	0	0	3	0	0	3
Total Chapter 22		4	0	1	0	1	22 %	0	0	0	0	3	0	0	3
2300	Current administrative expenditure	91	71	6	0	77	85 %	0	0	0	0	11	3	0	14
Total Chapter 23		91	71	6	0	77	85 %	0	0	0	0	11	3	0	14
2400	Postage / Telecommunications	20	5	4	0	10	50 %	0	0	0	0	10	0	0	10
Total Chapter 24		20	5	4	0	10	50 %	0	0	0	0	10	0	0	10
2500	Meetings and representation	31	13	1	0	14	46 %	0	0	0	0	17	0	0	17
Total Chapter 25		31	13	1	0	14	46 %	0	0	0	0	17	0	0	17
2600	Evaluations	277	250	27	0	276	100 %	0	0	0	0	0	0	0	0
2602	Reviews	333	121	83	0	204	61 %	0	0	0	0	129	0	0	129
Total Chapter 26		610	371	110	0	480	79 %	0	0	0	0	129	0	0	129
2800	Communication	264	1	136	0	137	52 %	0	0	0	0	93	34	0	127
Total Chapter 28		264	1	136	0	137	52 %	0	0	0	0	93	34	0	127
2900	Audits	144	0	49	0	49	34 %	0	0	0	0	66	29	0	95
Total Chapter 29		144	0	49	0	49	34 %	0	0	0	0	66	29	0	95
<b>Total Title 2</b>		<b>2 171</b>	<b>1 113</b>	<b>474</b>	<b>0</b>	<b>1 587</b>	<b>73 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>517</b>	<b>66</b>	<b>1</b>	<b>584</b>

Table 8. Implementation in Payments Appropriations: Title 2 –Running costs

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2021				Appropriations lapsing			
			from final adopt. budget	from reactivations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from reactivations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
3100	FP7 Projects	20 317	0	14 271	17	14 287	70 %	0	0	0	0	0	5 729	300	6 030
Total Chapter 31		20 317	0	14 271	17	14 287	70 %	0	0	0	0	0	5 729	300	6 030
3200	H2020 Projects	189 721	132 190	39 981	0	172 172	91 %	0	0	0	0	10	17 277	262	17 549
Total Chapter 32		189 721	132 190	39 981	0	172 172	91 %	0	0	0	0	10	17 277	262	17 549
<b>Total Title 3</b>		<b>210 038</b>	<b>132 190</b>	<b>54 252</b>	<b>17</b>	<b>186 459</b>	<b>89 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>23 007</b>	<b>563</b>	<b>23 579</b>
<b>GRAND TOTAL</b>		<b>215 849</b>	<b>136 453</b>	<b>54 828</b>	<b>17</b>	<b>191 297</b>	<b>89 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>897</b>	<b>23 073</b>	<b>581</b>	<b>24 551</b>

Table 9. Implementation in Payment Appropriations: Title 3 – Selected projects after annual calls and Grand Total

### 2.4.3 COMMITMENTS OUTSTANDING

EUR '000

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstand-ing at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
1100	Salaries and allowances	21	( 9)	12	0	3 209	3 166	0	43	43
Total chapter 11		21	( 9)	12	0	3 209	3 166	0	43	43
1200	Recruitment and transfer	3	( 3)	0	0	0	0	0	0	0
Total chapter 12		3	( 3)	0	0	0	0	0	0	0
1300	Mission expenses	19	( 13)	6	0	9	9	0	0	0
Total chapter 13		19	( 13)	6	0	9	9	0	0	0
1400	Socio-medical infrastructure and training	32	( 14)	6	12	74	52	0	23	34
Total chapter 14		32	( 14)	6	12	74	52	0	23	34
<b>Total Title 1</b>		<b>75</b>	<b>( 39)</b>	<b>24</b>	<b>12</b>	<b>3 293</b>	<b>3 227</b>	<b>0</b>	<b>66</b>	<b>77</b>

Table 10. Commitments Outstanding: Title 1 – Staff expenditure

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstand-ing at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	
2000	Rental of buildings and associated costs	41	( 27)	14	0	530	508	0	22	22
Total chapter 20		41	( 27)	14	0	530	508	0	22	22
2100	Information and communication technology	187	( 58)	96	34	297	201	0	96	130
Total chapter 21		187	( 58)	96	34	297	201	0	96	130
2200	Movable property and associated costs	20	( 19)	1	0	0	0	0	0	0
Total chapter 22		20	( 19)	1	0	0	0	0	0	0
2300	Current administrative expenditure	19	( 15)	4	0	85	74	0	11	11
Total chapter 23		19	( 15)	4	0	85	74	0	11	11
2400	Postage / Telecommunications	18	( 12)	2	4	14	8	0	6	10
Total chapter 24		18	( 12)	2	4	14	8	0	6	10
2500	Meetings and representation	51	( 48)	3	0	14	11	0	2	2
Total chapter 25		51	( 48)	3	0	14	11	0	2	2
2600	Evaluations	56	( 56)	0	0	276	276	0	0	0
2602	Reviews	97	( 43)	54	0	170	150	0	20	20
Total chapter 26		153	( 99)	54	0	446	426	0	20	20
2800	Communication	210	( 104)	106	0	76	31	0	45	45
Total chapter 28		210	( 104)	106	0	76	31	0	45	45
2900	Audits	129	( 80)	33	16	51	16	0	35	51
Total chapter 29		129	( 80)	33	16	51	16	0	35	51
<b>Total Title 2</b>		<b>827</b>	<b>( 462)</b>	<b>312</b>	<b>53</b>	<b>1 513</b>	<b>1 275</b>	<b>0</b>	<b>238</b>	<b>291</b>

Table 11. Commitments Outstanding: Title 2 –Running costs

		Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Item	Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstand-ing at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
3100	FP7 Projects	60 888	( 44 084)	14 259	2 545	28	28	0	0	2 545
Total chapter 31		60 888	( 44 084)	14 259	2 545	28	28	0	0	2 545
3200	H2020 Projects	338 778	( 20 267)	151 189	167 322	212 606	20 983	0	191 623	358 945
Total chapter 32		338 778	( 20 267)	151 189	167 322	212 606	20 983	0	191 623	358 945
<b>Total Title 3</b>		<b>399 666</b>	<b>( 64 351)</b>	<b>165 448</b>	<b>169 867</b>	<b>212 634</b>	<b>21 011</b>	<b>0</b>	<b>191 623</b>	<b>361 490</b>
<b>GRAND TOTAL</b>		<b>400 568</b>	<b>( 64 851)</b>	<b>165 785</b>	<b>169 931</b>	<b>217 440</b>	<b>25 512</b>	<b>0</b>	<b>191 927</b>	<b>361 859</b>

Table 12. Commitments Outstanding: Title 3 – Selected projects after annual calls and Grand Total

### 3 MULTI-ANNUAL OVERVIEW: PROJECTS EXECUTION - EVOLUTION BY CALL

#### 3.1 H2020 projects execution

During 2020, ECSEL JU consolidated on Horizon 2020 operations with successful call results and a widening project portfolio. In our model, the European Commission together with the ECSEL Participating States kept on investing strongly in research and innovation on Electronic Components and Systems with more than 175 M€ allocated to 15 new projects selected under Calls 2020. The grant agreement for the project selected under Call 2020-4 was signed during 2020, whereas the grant agreements for the 14 projects selected under Calls 2020-1 and 2020-2 shall be signed during 2021.

The total available budget in commitment appropriations for H2020 projects in year 2020 reached EUR 212,606,225.85 and has been allocated as follows among the different Calls:

Call	Committed amount	% of total commitments
Calls 2019 1 and 2	37,342,799.04	17.56%
Calls 2020 1 and 2	173,263,591.81	81.50%
Call 2020 4	1,999,835.00	0.94%
<b>Total</b>	<b>212,606,225.85</b>	<b>100.00%</b>

Table 13. H2020: Committed budget 2020 per Call

Note: Committed amount refers to L1 commitments.

The total available budget in payment appropriations in year 2020 reached EUR 189,720,874.29 and has been consumed in payments per type of payment as follows:

Type of payment	Paid amount	% of total payments
Prefinancing payments	89,320,776.25	51.93%
Interim payments	76,920,254.07	44.72%
Final and complem. payments	5,749,748.25	3.34%
<b>Total</b>	<b>171,990,778.57</b>	<b>100.00%</b>

Table 14. H2020: Paid budget per type of payment

Note: Paid amounts above do not include the payment of EUR 180,900.00 for a study by public procurement.

By the end of 2020, 52 projects were still financially ongoing, whereas 12 final payments were made for Calls 2014, 2015 and 2016 projects (3 for Call 2014, 4 for Call 2015 and 5 for Call 2016). As a result, by end of 2020 all 12 Call 2014 projects have been financially closed, as well as 12 Call 2015 and 5 Call 2016 projects. The pre-financing for the 14 Call 2019-1 and Call 2019-2 projects signed in 2020 was paid in full, as well as the pre-financing for the one project selected under CSA Call 2020-4. ECSEL JU dealt with 29 interim payments related to Calls 2016, 2017 and 2018 and 3 complementary payments related to Calls 2014, 2015 and 2016.

The table below shows the payment execution by call and financial year up until 31 December 2020.

CALL	COMMITMENTS			PAYMENTS						EXECUTION	
	Initial Committed amount	De-committed amount	RAL on 31/12/2020	2015	2016	2017	2018	2019	2020	Total Paid 2014-2020	Total paid/initial commitment (%)
Calls 2014	154,456,261.42	-12,166,966.17	1,934,669.89	55,690,901.06	40,332,205.81	30,379,684.28	4,056,432.94	9,148,302.12	747,099.15	140,354,625.36	90.87%
Calls 2015	142,243,005.44	-4,856,647.15	6,459,295.38	0.00	58,683,961.96	37,571,933.96	26,200,278.00	7,039,357.30	1,431,531.69	130,927,062.91	92.04%
Calls 2016	163,634,631.98	-1,229,870.64	19,089,239.39	0.00	0.00	91,089,642.86	28,628,217.56	13,335,235.04	10,262,426.49	143,315,521.95	87.58%
Calls 2017	170,067,212.88	-506,574.08	28,364,022.01	0.00	0.00	0.00	87,613,851.34	24,378,912.31	29,203,853.14	141,196,616.79	83.02%
Calls 2018	201,901,367.04	-1,296,974.97	51,579,049.85	0.00	0.00	0.00	799,644.00	107,200,606.37	41,025,091.85	149,025,342.22	73.81%
Calls 2019	165,976,099.22	0.00	77,322,318.64	0.00	0.00	0.00	0.00	399,583.00	88,254,197.58	88,653,780.58	53.41%
Calls 2020	1,999,835.00	0.00	933,256.33	0.00	0.00	0.00	0.00	0.00	1,066,578.67	1,066,578.67	53.33%
<b>Total</b>	<b>1,000,278,412.98</b>	<b>-20,057,033.01</b>	<b>185,681,851.49</b>	<b>55,690,901.06</b>	<b>99,016,167.77</b>	<b>159,041,261.10</b>	<b>147,298,423.84</b>	<b>161,501,996.14</b>	<b>171,990,778.57</b>	<b>794,539,528.48</b>	<b>79.43%</b>

Table 15 H2020: Payments for ECSEL projects

*Note:* Amounts in 2018, 2019 and 2020 do not include payments for studies (by public procurement) of EUR 14,500.00 in 2018, EUR 180,900.00 in 2019 and EUR 180,900.00 in 2020. Initial committed amount refers to L2 commitments before the signature of project grant agreements. In this sense and as 2020 Calls 1 and 2 grant agreements were not signed on 31/12/2020, only committed amount for Call 2020-4 is included for which the grant agreement was signed during 2020. Regarding Calls 2020 1 and 2, an amount of EUR 173,263,591.81 has been committed in L1.

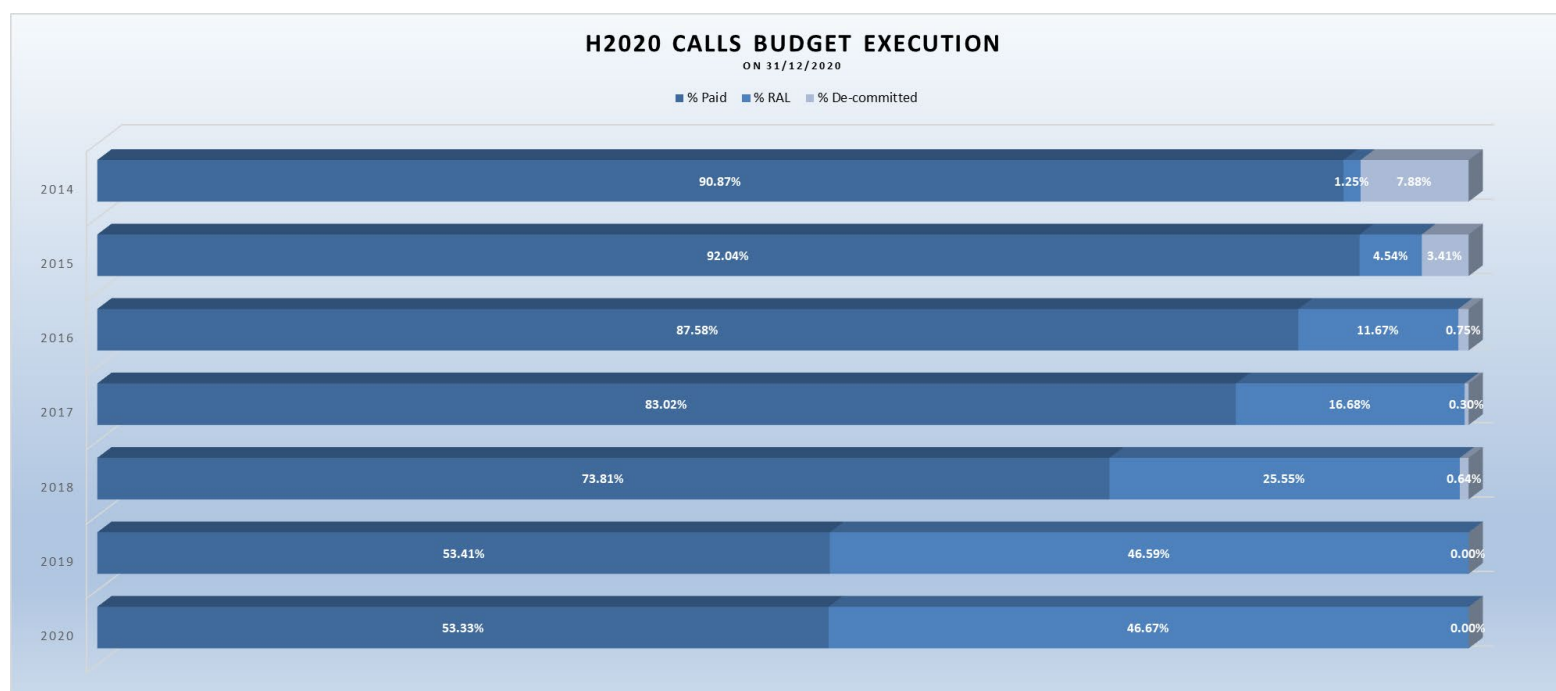


Table 16. H2020 payments and RAL by call

*Note:* Figures for 2018, 2019 and 2020 do not include payments for studies (by public procurement).

### 3.2 FP7 projects execution

In year 2020 the total available budget in payment appropriations reached EUR 20,317,158.15 and the total executed payments amounted to EUR 14,287,434.81, representing the 7.66% of the total operational payments of ECSEL JU during year 2020.

At the end of 2020, only 32 certificates were missing in order to complete FP7 activities. By mid-March 2021, the missing certificates were 11 and the total maximum amount to still be paid was approximately EUR 430,000.00. ECSEL JU is making intensive efforts and is in constant communication with the relevant National Authorities in order to receive all certificates and proceed to remaining payments by end of June 2021.

The table below shows the payment execution by call and financial year after the establishment of ECSEL JU:

		Payments per year									
	CALL	Committed amount	2014	2015	2016	2017	2018	2019	2020	Total Paid	RAL on 31/12/2020
ARTEMIS	CALL 2008	4,034,679.07	280,243.96	1,081,126.07	802,231.16					2,163,601.19	
	CALL 2009	12,849,193.74	1,302,683.53	2,685,737.36	1,698,419.02	2,815,240.68				8,502,080.59	
	CALL 2010	12,772,004.72	1,155,401.36	2,976,491.18	2,769,616.42	1,878,611.47	1,220,856.65			10,000,977.08	
	CALL 2011	14,062,938.05	1,808,702.73	3,713,553.03	2,388,113.72	2,583,930.30	1,165,692.27	419,918.73	28,777.87	12,108,688.65	
	CALL 2012	30,425,294.78	2,293,448.82	6,982,947.67	4,539,836.31	5,133,905.54	2,543,885.30	905,805.03	3,660,385.95	26,060,214.62	277,384.18
	CALL 2013	27,281,037.42	418,759.63	10,034,566.17	5,203,344.51	3,582,331.82	3,119,641.52	857,127.99	1,770,787.55	24,986,559.19	490,765.97
<b>Total ARTEMIS</b>		<b>101,425,147.78</b>	<b>7,259,240.03</b>	<b>27,474,421.48</b>	<b>17,401,561.14</b>	<b>15,994,019.81</b>	<b>8,050,075.74</b>	<b>2,182,851.75</b>	<b>5,459,951.37</b>	<b>83,822,121.32</b>	<b>768,150.15</b>
		<b>Paid cumulative</b>	<b>7,259,240.03</b>	<b>34,733,661.51</b>	<b>52,135,222.65</b>	<b>68,129,242.46</b>	<b>76,179,318.20</b>	<b>78,362,169.95</b>	<b>83,822,121.32</b>		
ENIAC	CALL 2008	4,617,829.52	1,914,942.65	354,885.63	1,145,703.58	107,464.52				3,522,996.38	
	CALL 2009	15,473,834.85	1,299,769.46	4,065,850.58	2,616,185.43	3,908,038.32				11,889,843.79	
	CALL 2010	14,068,799.38	1,323,859.98	3,439,760.42	1,684,592.15	4,488,117.85	269,225.30			11,205,555.70	
	CALL 2011	28,189,910.63	4,661,674.92	6,148,293.91	5,428,737.50	4,070,457.53	4,988,582.54	365,585.83		25,663,332.23	
	CALL 2012	113,561,199.85	4,608,105.82	21,690,590.65	47,363,934.40	10,853,858.20	9,350,749.46	2,872,126.09	1,245,951.63	97,985,316.25	300,000.00
	CALL 2013	170,005,349.79	2,847,650.41	28,948,765.68	42,695,264.98	37,131,851.65	18,588,414.89	14,885,232.22	7,581,531.81	152,678,711.64	1,476,491.29
<b>Total ENIAC</b>		<b>345,916,924.02</b>	<b>16,656,003.24</b>	<b>64,648,146.87</b>	<b>100,934,418.04</b>	<b>60,559,788.07</b>	<b>33,196,972.19</b>	<b>18,122,944.14</b>	<b>8,827,483.44</b>	<b>302,945,755.99</b>	<b>1,776,491.29</b>
		<b>Paid cumulative</b>	<b>16,656,003.24</b>	<b>81,304,150.11</b>	<b>182,238,568.15</b>	<b>242,798,356.22</b>	<b>275,995,328.41</b>	<b>294,118,272.55</b>	<b>302,945,755.99</b>		
<b>Total FP7</b>		<b>447,342,071.80</b>	<b>23,915,243.27</b>	<b>92,122,568.35</b>	<b>118,335,979.18</b>	<b>76,553,807.88</b>	<b>41,247,047.93</b>	<b>20,305,795.89</b>	<b>14,287,434.81</b>	<b>386,767,877.31</b>	<b>2,544,641.44</b>
		<b>Paid cumulative</b>	<b>23,915,243.27</b>	<b>116,037,811.62</b>	<b>234,373,790.80</b>	<b>310,927,598.68</b>	<b>352,174,646.61</b>	<b>372,480,442.50</b>	<b>386,767,877.31</b>		

Table 17. FP7: Payments for ARTEMIS and ENIAC projects

Note: "Committed amount" and "Payments for 2014" reflect amounts as of the establishment of ECSEL JU. "RAL on 31/12/2020" reflects the amount after the decommitments for projects closed up to 31/12/2020.



## **4 Commitments to ECSEL JU (Articles 3 and 4 of ECSEL Council Regulation)**

Council Regulation (EU) N° 561/2014 of 06/05/2014 establishing the ECSEL Joint Undertaking foresees that over the period 2014-2024, ECSEL JU members are envisaged to make the following financial contributions:

for **administrative costs**:

- ✓ up to EUR 15,255,000 as financial contribution from the European Union;
- ✓ up to EUR 19,710,000 or 1 % of the sum of the total cost of all projects, whichever figure is higher, but not exceeding EUR 48,000,000 as financial contribution by the private members;
- ✓ EUR 4,455,000 as contribution to the administrative costs from the EU and the private members for the completion of the actions launched under FP7;

for **operational costs**:

- ✓ up to EUR 1,169,619,000 as financial contribution from the European Union;
- ✓ at least EUR 1,170,000,000 as financial contributions from ECSEL Participating States;
- ✓ at least EUR 1,657,500,000 (minus the aforementioned amount for administrative costs) as in kind contributions by the private members or their constituent entities and affiliated entities consisting of the costs incurred by them in implementing indirect actions.

The Council Regulation establishes in article 4.4 the obligation of the Participating States and the Private Members to report their contributions in order to monitor that they meet the objectives fixed as indicated above.

It is to be stressed that the final financial contribution to the projects by both private members (in kind contributions) and participating states can only be established at the end of a project when all payments by the JU and the National Authorities have been executed (including possible adjustments) and the end of project certificates have been issued by the National Authorities. Only at this point and once all this information becomes available the in kind contributions can be established and validated by the Governing Board.

Article 16.3.c of the Council Regulation establishing ECSEL JU defines the in kind contributions as the total costs incurred by the private members or their constituent entities and affiliated entities less the contributions by the ECSEL Joint Undertaking, the contribution of the ECSEL Participating States and any other EU contribution to those costs.

It is important to clarify that the Council Regulation refers only to constituent entities and affiliated entities of the Private Members (i.e. members of the Industry Associations) and excludes from the reporting obligation of in kind contributions the beneficiaries that are not members of any of the Industry Associations.

In this context, and given the fact that only a limited number of projects have been closed and for which the end of project certificates have been received, the ECSEL Governing Board has endorsed the following amounts of **in kind contributions for years 2019 and 2020**:

Call/GB decision on validation	Costs recognised	JU contribution	NFA contribution	IKOP certified
Calls 2014 (GB 2020.142 of 15 May 2020)	144,876,948.43	21,499,366.17	20,818,629.77	<b>102,558,952.49</b>
Calls 2014 (GB 2021.153 of 11 February 2021)	94,733,316.50	14,427,300.98	18,508,476.72	<b>61,797,538.80</b>
Calls 2015 (GB 2021.153 of 11 February 2021)	23,969,319.58	4,544,087.09	3,506,346.99	<b>15,918,885.50</b>
<b>Total</b>	<b>263,579,584.51</b>	<b>40,470,754.24</b>	<b>42,833,453.48</b>	<b>180,275,376.79</b>

Table 18. H2020: Certified by the ECSEL GB Members contributions to operational activities

However, in line with the reporting obligation provided for in the Council Regulation, the private members continue to report every year the estimated in kind contributions (for the previous year) based on the “pro-rata temporis” methodology adopted by the Governing Board on 28 June 2016 (Decision ECSEL GB-2016.66). On 7 May 2020, ECSEL JU Executive Director has adopted an explanatory decision (Decision ED-2020.295) further elaborating this methodology in order to include latest available data for the calculation. Once certified, the in kind contributions is recorded in the Net Assets. In the meantime, it is recorded in the liabilities as an estimate.

In January 2021 and following the “pro-rata temporis” methodology, the **estimated in kind contributions** for the year 2020 is calculated to EUR 268,829,696.25 and the cumulative amount reached EUR 896,523,610.57.

Estimated pro-rata IKOP for 2020 (pro-rata)	Amount (in €)
Calls 2014	-10,043,110.01
Calls 2015	10,182,646.29
Calls 2016	79,700,374.15
Calls 2017	66,791,486.40
Calls 2018	89,187,871.95
Calls 2019	33,010,427.48
<b>Total (estimated pro-rata) IKOP for 2020</b>	<b>268,829,696.25</b>
<b>Cumulative (estimated pro-rata) IKOP 2014-2020</b>	<b>896,523,610.57</b>

Table 19. H2020: Estimated pro-rata in kind contributions for year 2020

Note: For Calls 2014 the negative amount is due to an adjustment towards the certified in kind contributions.

When calculating the **potential final in kind contributions** on the whole duration of the projects, the estimation of the final amount up to and including Calls 2019 reaches EUR 1,384,176,207.88. This calculation is not pro-rata like in the table above, but is based on latest project data (i.e. after any possible change of budget and amendments) for participants that are members of the industry associated with expected direct costs above EUR 325,000.00.

As far as the **Participating States** contributions are concerned, based on the amending funding decisions of the Public Authorities Board (PAB) for Calls 2014, 2015, 2016, 2017, 2018 and 2019, it is possible to calculate their commitments as shown in the table below:

Call	Commitments
<b>2014</b>	138,069,446.89
<b>2015</b>	142,217,697.07
<b>2016</b>	133,695,801.00
<b>2017</b>	160,077,277.57
<b>2018</b>	198,036,920.52
<b>2019</b>	164,490,860.63
<b>Total</b>	<b>936,588,003.68</b>

Table 20. H2020: Commitments of participating states as per PAB amending funding decisions

*Note: Calls 2020 are not included, as the grant agreements for the projects selected have not yet been signed.*

On the payments side and based on the Council Regulation reporting obligation, up until 29/03/2021 nine Participating States declared contributions in cash for year 2020 that amount to EUR 33,158,596.62. Since 2015 the total declared contributions in cash amount to EUR 374,748,810.26:

Year of payment	Amount paid
<b>2015</b>	15,472,091.41
<b>2016</b>	55,930,464.40
<b>2017</b>	74,211,788.04
<b>2018</b>	94,232,009.08
<b>2019</b>	101,743,860.72
<b>2020</b>	33,158,596.62
<b>Total</b>	<b>374,748,810.26</b>

Table 21. H2020: Participating states cash contributions

However, it is again to be stressed that the aforementioned amounts do not constitute the final financial contribution from the Participating States, which shall only be established once all projects are closed and end of project certificates are issued.

*Note: The figures in tables above are those related to the provisional accounts and are not yet audited by the Court of Auditors.*

## 5 FINANCIAL MANAGEMENT

### 5.1 THE DIFFERENT FINANCIAL ACTORS

With regard to the limited size of the ECSEL Joint Undertaking, the Executive Director has established the financial circuits introducing the necessary adaptations for ensuring business continuity in budget and financial management during 2020.

On 26 February 2020, ECSEL Governing Board has adopted a new set of Financial Rules applicable as of 1<sup>st</sup> January 2020<sup>4</sup> in pursuance of Financial Regulation (EU, EURATOM) 2018/1046<sup>5</sup> and Delegated Regulation (EU) 2019/887<sup>6</sup>.

Financial circuits were updated for the last time on October 2018 following a Decision of the Executive Director. As far as H2020 workflows are concerned, these were updated on one occasion in year 2020 in order to better designate the user access rights and roles in IT tools.

### 5.2 FINANCIAL IT SYSTEMS

For the financial management and monitoring of projects as well as the calls management under Horizon 2020, ECSEL JU implements the common ICT tools designed, updated and maintained by the European Commission.

ECSEL JU is also using ABAC (accounting system of the European Commission) for its financial management related to procurement and FP7 transactions.

The financial and accounting systems have been implemented, deployed and tested in relation with the procedures set up by the services of the Commission relating to the transfer of responsibilities for financial management.

Following Article 25 of ECSEL JU new Financial Rules<sup>7</sup>, the Governing Board of ECSEL JU appoints the Accounting Officer who is, amongst other tasks, responsible for preparation of the annual accounts of the Joint Undertaking. In accordance with the decision of the ECSEL JU's Governing Board of 4 December 2017 (ECSEL GB 2017.97), the Accounting Officer of the Commission acts, as of 1 July 2018, as the Accounting Officer of ECSEL JU.

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<sup>4</sup> Adopted by ECSEL JU Governing Board decision ECSEL-GB-2020.138 on 26.02.2020.

<sup>5</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

<sup>6</sup> Commission Delegated Regulation (EU) No 2019/887 of 13 March 2019 on the model financial regulation for public-private partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

<sup>7</sup> ECSEL-GB-2020.138 of 26.02.2020.

## 6 GLOSSARY

- **ABAC:** This is the name given to the Commission's accounting system, which since 2005 has been enriched by accrual accounting rules. Apart from the cash-based budget accounts, the Commission produces accrual-based accounts which recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis budgetary accounting that recognises transactions and other events only when cash is received or paid.
- **Accounting:** The act of recording and reporting financial transactions, including the creation of the transaction, its recognition, processing, and summarisation in the financial statements.
- **Administrative appropriations:** Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).
- **Adopted Budget:** Draft budget becomes the adopted budget as soon as it is approved by the Budgetary Authority.
- **Amending Budget:** Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.
- **Appropriations:** Budget funding. The budget forecasts both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments and commitment appropriations equal payment appropriations.
- **Assigned revenue External/Internal:** Main sources of external assigned revenue are financial contributions from third countries to programmes financed by the Union. Main sources of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request; (c) revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium. The complete list of items constituting assigned revenue is given in the Financial Regulation Art.21.
- **Budget:** Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks.
- **Budget implementation:** Consumption of the budget through expenditure and revenue operations.
- **Budget item / Budget line / Budget position / Budget chapter:** As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding nomenclature which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.
- **Budgetary authority:** Institutions with decisional powers on budgetary matters: the European Parliament and the Council of Ministers.
- **Budgetary commitment:** A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.
- **Cancellation of appropriations:** Unused appropriations that may no longer be used.

- **Carryover of appropriations:** Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.
- **Commitment appropriations:** Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year. Art. 7 FR: Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.
- **De-commitment:** Cancellation of a reservation of appropriations
- **Differentiated appropriations:** Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year. Art. 7 FR: Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.
- **Expenditure:** Term used to describe spending the budget from all types of funds sources.
- **Financial regulation (FR):** Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union. (OJ L 298, 26.10.2012 and OJ L 193/30.07.2018)
- **Implementation:** Cf. Budget implementation
- **Income:** Cf. Revenue
- **Joint Undertakings (JUs):** A legal EU-body established under the TFEU. The term can be used to describe any collaborative structure proposed for the "efficient execution of Union research, technological development and demonstration programmes".
- **Legal base:** The legal base or basis is, as a general rule, a law based on an article in the Treaty giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain Treaty articles authorise the Commission to undertake certain actions, which imply spending, without there being a further legal act.
- **Legal commitment:** A legal commitment establishes a legal obligation towards third parties.
- **Non-differentiated appropriations:** Non-differentiated appropriations are for operations of an annual nature. (Art. 9 FR). In the EU Budget non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments.
- **Operational appropriations:** Operational appropriations finance the different policies, mainly in the form of grants or procurement.
- **Payment:** A payment is a cash disbursement to honour legal obligations.
- **Payment appropriations:** Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years (Art. 7 FR).
- **RAL:** Sum of outstanding commitments. Outstanding commitments (or RAL, from the French 'reste à liquider') are defined as the amount of appropriations committed that have not yet been paid. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations. (Cf. Outstanding commitments)
- **Recovery:** The recovery order is the procedure by which the Authorising officer (AO) registers an entitlement by the Commission in order to retrieve the amount which is due. The entitlement is the right that the Commission has to claim the sum which is due by a debtor, usually a beneficiary.

- **Revenue:** Term used to describe income from all sources financing the budget.
- **Transfer:** Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. They are, however, expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The FR identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.